

Dear DSEA Member:

If you look into your own future, can you afford to be there?

Retirement costs money. Most people don't plan to work when they retire and studies suggest that pension income and social security may not be sufficient to maintain our lifestyles. For these reasons, it couldn't be more important to start saving now!

As an educator for the State of Delaware, you have access to two of the most convenient ways to save for retirement – The State of Delaware 403(b) and 457(b) Deferred Compensation Savings Plans. Hopefully you already know about these powerful benefits, but in the event that you don't, the following offers an outline of each:

- State of Delaware 403(b) Plan - a pre-tax savings program under the Internal Revenue Code.
 - Available to State of Delaware employees working in Schools, Delaware State University, Delaware Technical and Community College, and The Department of Education.
 - You pay no current federal or state income tax on the amount you contribute, or on the interest or dividends earned. Income taxes are only paid when the funds are distributed.
 - For 2010, you can defer up to \$16,500 to the plan, and if you are over 50 years old, you can contribute an additional \$5,500 for a total contribution amount of \$22,000.
 - The State of Delaware allows you to choose from thirteen different investment firms to help meet your financial goals.
 - For more information and to enroll in the 403(b) plan, please visit the 403(b) section of our website at <http://www.DelawareSaves.com>.
- State of Delaware 457(b) Plan - In addition to the 403(b) Plan, as a State of Delaware employee you can also participate in this plan that is also a pre-tax savings program managed by Fidelity Investments.
 - The 457(b) offers the same tax advantages as the 403(b) plan.
 - The 457(b) Plan is available to all State of Delaware pension eligible employees.
 - For 2010, the contribution amounts are \$16,500 for all employees, and an additional \$5,500 for employees over the age of 50, for a total contribution amount of \$22,000.
 - The 457(b) offers a special catch-up option for employees nearing retirement that may allow you to contribute up to \$33,000 in 2010.
 - For more information and to enroll in the 457(b) plan, visit our website at <http://www.DelawareSaves.com>.

Employees contributing to the 403(b) plan can also make contributions to the 457(b) plan and can contribute up to the maximum contribution amounts in both plans for 2010. This can be valuable for employees who are nearing retirement, employees who have gotten a late start

saving for retirement, or employees who want to maximize the amounts in their retirement savings accounts.

Once enrolled, contributions are deducted from each paycheck and deposited into your deferred compensation account. By participating in one or both of the State of Delaware Plans, you take advantage of compounding and tax-deferred growth!

Don't feel that saving for retirement has to be all or nothing. You can start your contributions small and increase them over time, building a future retirement that you can afford. The most important thing you can do is to take that first step and enroll today! And if you are already enrolled, visit our website at <http://www.DelawareSaves.com> to access one of our retirement savings calculators and make sure you are on-track for a comfortable retirement.

Remember, your State Treasurer's Office is here to help! If you have any questions or concerns relating to these programs, please don't hesitate to contact our Defined Contributions Team at (302) 672-6700.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Velda". The signature is fluid and cursive, with a large initial "V" and a trailing flourish.

Velda Jones-Potter
Delaware State Treasurer